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T O P S E C R E T

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GENERAL

1. German Ruhr opposition to Schuman Plan expected--US Embassy Paris reports that French Economic Adviser Monnet has expressed the opinion that the German Ruhr steel interests, which have previously lent public support to the Schuman Plan, are now prepared to openly oppose it. In support of this view, Monnet points out that the appointment of Lehr as West German Minister of Interior was made just a few days after he delivered a speech attacking "every basic principle" of the Schuman Plan. Monnet added that the German nationalists and extremists who are fully committed to defeat the Plan have had their position strengthened by Western guarantees of German security and the prospect of the formation of German armed units. Monnet believes the situation indicates the need to strengthen the anti-cartel aspects of the Schuman Plan.

(CIA Comment: Lehr is the spokesman for conservative German industrialists who have always been cool toward the Schuman Plan; the German Government's attitude toward the Plan changed a month before Lehr's appointment. The Schuman Plan will be approved by the Germans eventually, but they will utilize the need for German cooperation in Western defense to attempt to obtain further economic concessions from the Western Powers.)

2. French reportedly may place Indochina before UN--US Embassy Paris reports that an important French official has stated on an "off the record" basis to a group of foreign correspondents that France may place the problem of Indochina before the UN if Tonkin falls to the Viet Minh forces. The French official also advanced the view, however, that a sufficient increase in US aid might still enable the French to eliminate any serious Viet Minh threat. According to the Embassy, US news correspondents in Paris have

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gathered the impression that French ministerial officials have been instructed not to discuss the possibility of a reference of the Indochinese question to the UN. The Paris correspondents also feel that the French Government has encouraged press comment on the inadequacy of US aid, both as a means of exerting pressure for acceleration of such aid and as a means of protecting itself from domestic criticism.

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3. UN discussion of Austrian treaty to be avoided--The Department of State has advised the US Delegation to the UN General Assembly that Austrian Foreign Minister Gruber has agreed that no practical result can be obtained by submitting the Austrian treaty question to this session of the General Assembly. The Department feels, however, that every opportunity should be seized to use the Austrian treaty question as an illustration of Soviet obstruction tactics and insincerity.

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EUROPE

4. YUGOSLAVIA: Crop shortages worse than expected--US Embassy Belgrade reports that crop data recently submitted by the Yugoslav Ministry of Agriculture indicates that the total food and feed deficit is more severe in all categories than previously estimated. The Embassy feels that the revised list of food and feed requirements represents a realistic approach, but believes the new estimate is still too low to insure against human privation and excessive slaughtering of livestock during the next six months.

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FAR EAST

5. INDONESIA: Chinese Communist request rejected--US Embassy Jakarta has learned that the Indonesian Cabinet has unanimously rejected a request by the newly-arrived Chinese Communist Ambassador to open nine consulates throughout the archipelago. The Chinese Communist Ambassador was told that the Indonesian Government wished to register all individuals of Chinese origin in order to determine whether they claimed Chinese or Indonesian citizenship before considering further any request to establish Chinese consulates. The Embassy comments that the Indonesian Government is "not happy" over the aggressive policy being pursued by the Chinese Communist Ambassador.

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6. INDOCHINA: Military situation--US Military Attaché Saigon reports that the decision to hold or evacuate the North Vietnam border post of Langson will be made by General Juin, recently arrived from Paris. The Attaché expresses the opinion that reinforcements for North Vietnam cannot be drawn from the rest of Indochina without sacrificing French control in those areas. Meanwhile, US Consulate Hanoi reports that French General Alessandri commanding in North Vietnam has stated that "the only thing possible now" is to hold the Red River delta area. In connection with the French withdrawals, the head of the major North Vietnam coal area, which lies outside the proposed defensive perimeter surrounding the delta area, is in Saigon attempting to persuade the French command to include the mining district in defense plans.